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March 29, 2004

The Honorable George W. Bush
President
The White House
1600 Pennsylvania Avenue, N.W.
Washington, D.C. 20500

Dear Mr. President:

I write to you to express my concern over the Administration's failure to adopt a policy to drive down the artificially high prices now being charged to consumers of gasoline, heating oil and other refined petroleum products. I wrote to Energy Secretary Abraham on this topic three weeks ago, but have not received a reply. In the interim, the price of oil on the world market has continued to march upwards, rising to \$38.09 per barrel for West Texas Intermediate on March 19, 2004.

It is apparent that if the Administration continues to adopt a posture of resigned neglect towards the pricing schemes of OPEC, the world economy, including that of the United States, will continue to suffer unnecessary unemployment as businesses are forced to devote more resources to daily energy expenses and less to capital investment. Meanwhile, the individual American consumer is being tipped upside down and having his pockets emptied.

This situation is particularly troublesome because key architects of these high prices within OPEC are the intended beneficiaries of the Administration's decision to invade Iraq. A year ago, senior Administration officials suggested that war with Iraq would usher in a new era of democracy and stability in the Middle East, and that the war would be largely "self-financing" since its successful conclusion would result in a full resumption of Iraqi oil production. The reality, of course, has proven more complex. Iraqi oil production has not reached its pre-sanctions levels, and the oil producing nations of the Middle East have not expressed their "gratitude" for U.S. military action against Saddam Hussein by increasing production or lowering prices. The American consumer has every right to ask why the Administration has so little influence over these allies when it comes to breaking the upward spiral of oil prices set by OPEC supply schemes. There is no supply shortage in geologic terms – the oil is in the ground and the OPEC cartel has the capacity to get it to market. Instead, it chooses to withhold oil to keep prices artificially high.

As you know, in February the OPEC cartel agreed at a meeting on February 10, 2004 in Algeria to cut global oil production by 1 million barrels a day, effective on April 1, 2004. Accordingly, now is the time for you to personally weigh in on this matter and contact the heads of each of the OPEC nations to urge them to not only reverse their previous decision to cut crude oil production by a million barrels a day, but to also urge in the strongest possible terms that the OPEC cartel should instead agree to increase production by at least one million barrels over

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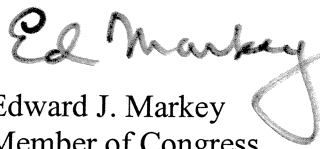
current levels. The blow to the U.S. economy from sustained high oil prices comes on top of a related drain on the ability of United States to meet its domestic needs and fight the war on terror. In the first Gulf War, then-President George H.W. Bush took to the time to assemble commitments from allies not only in support of the war effort itself, but also to shoulder almost the entire cost of prosecuting the war. In the end, the U.S. paid only \$5 billion of the total \$61 billion cost of driving Saddam Hussein out of Kuwait. In comparison, the \$150 billion+ cost of the Iraq War and the rebuilding of the country is being shouldered almost entirely by the United States. The same Gulf countries that met major financial commitments during the Gulf War are now not only spurning similar financial commitments in Iraq, but compounding the burden felt in the U.S. by manipulating the oil market. According to press accounts, the U.S. investment bank Goldman Sachs released a report estimating that oil's price surge may subtract 0.3 percent this year from the GDP of the world's seven leading economies. It is killing jobs just when they are most needed.

This is completely unacceptable. The Administration is obligated to ensure that Uncle Sam is not played for a sucker in these matters. Unless you act decisively now, we are faced with the distinct possibility of having the U.S. taxpayer pick up the entire tab for the Iraq war and the U.S. consumer pick up the tab for OPEC's greed. That is the definition of a "lose-lose" proposition.

I urge you to act now to minimize the economic adversity that this policy failure portends. You should warn OPEC immediately that the U.S. stands prepared to use the Strategic Petroleum Reserve to break the spiral in oil prices. President Clinton used this approach to good effect during his term, but so far your Administration seems ideologically set against protecting consumers against the manipulations of the world oil cartel. If OPEC refuses to increase production on Wednesday, I strongly urge you to announce your willingness to deploy the Strategic Petroleum Reserve at once to combat the price manipulations of the cartel.

I look forward, once again, to receiving a prompt reply concerning whatever measures you choose to remedy this situation. If action is not taken immediately, we can look forward to seeing these inflated energy prices eat into the budgets of every family and small business in America and rob us of any chance for pulling out of persistent joblessness.

Sincerely,

A handwritten signature in dark ink, reading "Ed Markey". The signature is fluid and cursive, with the first name "Ed" and last name "Markey" clearly distinguishable.

Edward J. Markey
Member of Congress